



# Delivering more energy with fewer emissions

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Thank you Fatih-bey for your generous introduction.

I am delighted and honoured to participate in today's session in what is one of the world's great historic cities.

As it has been said: "If one had but a single glance to give the world, one should gaze on Istanbul."

As a former CEO of BP's business in Turkey, I am very familiar with the extraordinary energy of this city – and indeed with the growing role of the country as a significant regional energy hub.

Since completion of the 1,800 kilometre Baku-Tbilisi-Ceyhan pipeline in 2006 it has carried approaching 3 billion barrels of oil across Turkey from the Caspian to the Mediterranean.

And we are now approaching the completion of another monumental achievement, with the construction of the Southern Gas Corridor pipeline.

Of the 3,500 kilometres of pipeline, TANAP pipeline 1,850 – more than half – are being laid in Turkey.

So this country's role as an increasingly important global energy hub is clear.

And Turkey also epitomises the essence of this discussion.

Energy consumption here grew by 35% in the decade from 2005 to 2015 – more than twice the global average.

How does the world meet this growing demand sustainably and affordably?

How does the world deliver more energy with fewer emissions?

Let me set out four important dimensions to this discussion, as I see them.

## Shift to gas

First is the shift to gas.

I am sure we are all familiar with the merits of gas – its abundance, affordability and significantly lower carbon intensity than coal when used to generate power.



As such, it has the potential to lower emissions at scale.

2017 has been a very busy year for BP in terms of new projects, and six of the seven we are bringing into production this year are gas projects, and that shift will continue over the next several years, including first gas next year from our Shah Deniz 2 project in the Caspian.

This is the gas that will flow through the Southern Gas Corridor, bringing a further 6 billion cubic metres a year of gas to industrial customers across Turkey, as well as supplying an extra 10 billion cubic metres a year to EU markets.

In combination, Shah Deniz 2 and the SGC is a \$40 billion investment, with multiple partners and pipeline networks, including TANAP, the Turkish section of the corridor.

I would like to recognise the role of HE minister of energy Berat Albayrak in supporting such a remarkable project and shepherding it towards a successful completion.

Gas is good for Turkey as it is for the global marketplace. What's more, with projects like the Southern Corridor, Turkey is a destination as well as a transit point for gas.

## Rise of renewables

The second dimension to the discussion must surely be the phenomenal rise of renewables.

Each year we reappraise our growth estimates, and each year they seem to be exceeded.

At our current estimated growth rate of around 7.1% per annum over the next couple of decades, renewables are growing at more than 4 times the rate of the next fastest – which is gas at a projected 1.6%.

The challenge ahead is one that has proved difficult in the past – how to create vibrant and commercially successful businesses in renewables.

It is one we at BP believe we are meeting with renewables platforms in biofuels and wind. The generating capacity of our wind business in the US sufficient to meet the needs of about 2.5 million homes – enough to power Ankara more than twice over.

Turkey has also signed some wind and solar agreements with international investors recently on highly competitive terms.

## Turkey's demographic dividend

My third dimension is the harnessing of talent and this is where countries such as Turkey come into their own.

A quarter of Turkey's population is under 15 years of age, compared with around 15% as an average for Europe.

So, Turkey is young.

It's energetic and well educated.

It's ideally placed and set-up as an energy hub.

And it has a government supportive to advancing its energy status.

## Above ground factors

This brings me to my fourth and final dimension, which is the coming together of policy elements in a way that turns obstacles into opportunities.

This may be fiscal regimes that are supportive, financial markets that lubricate investment, land rights that stimulate interest or incentive that support innovation and technological advance.

We see elements of this here in Turkey, with the liberation of markets, and the deregulation of the UK gas market in the 1980s, which brought about the UK National Rebalancing Point, and the first European trading hub.

## Summary

Within these four dimensions I believe we have all the necessary elements to address that dual challenge of more energy with fewer emissions. The task is to bring them to bear in the right order and the right proportions.